

FOR IMMEDIATE RELEASE, March 19, 2002

CONTACT: Colleen Kroll (202) 225-5235

**"Hitting Our Heads on the Debt Ceiling:
A Headache for Our Country"**

by Congressman Allen Boyd

Later this year, President Bush is going to ask Congress to raise the Federal debt ceiling by 750 billion dollars. The last two votes to raise the debt limit came after Congress and the President reached a bipartisan agreement on a balanced budget plan that ultimately led to the Balanced Budget Act of 1997. We must recall the successful outcome of these negotiations, and avoid taking ten steps back by disregarding proper and fair legislative procedure. We must make sure that Congress has a plan to return the budget to balance before we even think about raising the debt ceiling.

In 1997 Congress and the President made the hard choices necessary to ensure we reached a balanced budget and put the necessary budget tools, or legislative procedures, in place to make it work. President Bush will be asking for a 750 billion dollars increase in the debt ceiling, without a plan for getting us back to a balanced budget and without providing any of the tools necessary to help us get there.

Last year, like many others in Congress, I warned the President not to rely on overly optimistic economic forecasts, but no one could have anticipated how much the budget forecast would change in just one year. Earlier this year, the President submitted a budget which forecasts deficits being financed by taking money from the Social Security surplus for the next decade and beyond.

Last year the President's budget projected that, even with the passage of his tax cut and other policy priorities, there would be a 10-year budget surplus of \$3.4 trillion, which would be enough to eliminate the publicly held debt by 2008. The administration also stated that we would not have to raise the debt limit for seven years, and actually claimed that there was a danger the government would pay off the debt too quickly. Since then, the recession has lowered revenue estimates and the attack on September 11th has led to a dramatic increase in spending in order to fight terrorism abroad and to provide for homeland security.

Now, the Congressional Budget Office is forecasting that the Federal government will have to

borrow money from the public to pay its bills for the first time in four years. According to the latest estimates, non-Social Security surpluses will not return until 2010, near the end of the budget window, when economic forecasts are little better than wild guesses. This means the Federal government will have to borrow money from the Social Security Trust Fund until 2010.

While this is certainly a reversal from the last four years when we were paying down debt, the problem is doubled by the fact that we, as taxpayers, will also have to pay interest on all of this new debt. This year's economic projections from the Congressional Budget Office budget states that instead of being paid off by 2008, debt held by the public will be 2.8 trillion dollars in 2008. Interest payments add 1 trillion dollars to government spending over the same 10 year projection. This one trillion dollars could have been used to fund a prescription drug benefit, or for increased defense spending, or it could have been used as a down payment to reform the Social Security program, or provide additional tax cuts. Instead it will go to paying interest on money that we will have to borrow under the President's budget proposal.

I absolutely agree with the President on the need for increased spending on national defense, but the war and recession represent only a small part of the reason the debt limit will have to be increased. I am concerned about the size of the debt limit increase requested by the President and with the fact that it is not accompanied by a plan to put our fiscal house in order. Raising the debt ceiling is now necessary as a result of the past year's budget practices because we do not want to default on our debt. However, while I am willing to authorize debt to cover the costs of the war and the impact of the recession, I am not comfortable with allowing the government to continue on a path of deficits as far as the eye can see with no plan in place to return the budget to balance.

I understand that short term deficit spending may be necessary to provide our men and women in uniform the resources necessary to win the war against terrorism, and I support those efforts. However, I urge Congress to think about the request the President is making in conjunction with his budget request. Do we really want to borrow from the Social Security Trust Fund until 2010? Do we want to give the President this request without extending the discretionary spending caps? Without extending the pay-go rules governing tax legislation and entitlement programs? These tools, and the 1997 budget agreement, were what we used to make the tough choices necessary to stop the raid on the Social Security Trust Fund and return our Federal budget to balance. Without these tools or a plan to balance the budget, and with \$750 billion more to borrow, I am concerned that we will bump up against the debt ceiling much quicker than anyone expected.

This is why I am working with my colleagues in the Blue Dog Coalition to urge Congress and the

President to ensure that we quickly return to a balanced budget before raising the debt limit and continuing the raid on Social Security and Medicare trust funds.